1938

EIGHTY-FIFTH

ANNUAL REPORT

OF THE

BOARD OF DIRECTORS

OF THE

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

TO THE

STOCKHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 1938

MAY 23 1939

STANDARDS

Compliments of

RALPH BUDD

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FOR THE YEAR ENDED DECEMBER 31, 1938

THE CLEVELAND PUBLIC LIBRARY X

CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

DIRECTORS*

Term expires 1939

HINCKLEY G. ATWOOD.....CHICAGO
STEPHEN BIRCH .....NEW YORK
CHARLES I. STURGIS.....CHICAGO

Term expires 1940

RALPH BUDD .....CHICAGO
CHARLES DONNELLY.....ST. PAUL
WILLIAM P. KENNEY.....ST. PAUL

Term expires 1941

ARTHUR CURTISS JAMES..NEW YORK
GRENVILLE KANE .....NEW YORK
R. DOUGLAS STUART.....CHICAGO

Term expires 1942

EDWARD FLYNN .....CHICAGO
BRUCE SCOTT .....CHICAGO
WALLACE C. WINTER.....CHICAGO

EXECUTIVE COMMITTEE

RALPH BUDD .....CHAIRMAN
STEPHEN BIRCH
CHARLES DONNELLY
EDWARD FLYNN
ARTHUR CURTISS JAMES
GRENVILLE KANE
WILLIAM P. KENNEY

OFFICERS

RALPH BUDD ..... *President and Chairman, Chicago*
EDWARD FLYNN ..... *Executive Vice President, Chicago*
LAWRENCE R. CAPRON..... *Vice President, Chicago*
BRUCE SCOTT ..... *Vice President and Special Counsel, Chicago*
THOMAS J. THOMAS..... *Assistant to President, Chicago*
ANDREW T. WILLIAMS..... *Treasurer and Assistant Secretary, Chicago*
EDITH JARVIS ALDEN..... *Secretary, Assistant Treasurer and Transfer Agent, Chicago*
ARTHUR D. McLANE..... *Assistant Secretary, Chicago*
BERT VICKERY ..... *Assistant Treasurer, Omaha*
JAMES CHARLES JAMES.... *General Counsel, Chicago*
THOMAS J. LAWLESS..... *Assistant General Counsel, Chicago*
WALTER McFARLAND ..... *General Solicitor, Chicago*
HERBERT W. JOHNSON..... *Comptroller, Chicago*
SHIRLEY L. PORTER..... *General Auditor, Chicago*
FRANK T. DARROW..... *Chief Engineer, Chicago*
WILLIAM W. HENDERSON.. *Transfer Agent, Chicago*

NICHOLAS STOCKHAMMER, HARRY F. SMITH..... *Fiscal Agents, 2 Wall Street, New York*

EUGENE A. BERNHOLZ....., WILLIAM H. VANDERCAR.. *Transfer Agents, 2 Wall Street, New York*

STATE STREET TRUST COMPANY ..... *Fiscal Agent and Transfer Agent, State and Congress Sts., Boston*

The above were Directors and Officers as of December 31, 1938.

*At the annual meeting of stockholders, May 4, 1938, the By-Laws were amended reducing number of Directors from 15 to 13 and at the adjourned meeting, September 19, 1938, again amended reducing number of Directors to 12.

MAY 11 1939 AS GIFT REQUEST

TO THE STOCKHOLDERS OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY:

The following is the report of your Board of Directors for the year ended December 31, 1938:

COMPARATIVE STATEMENT OF INCOME, YEARS ENDED DECEMBER 31

Percent of Ry. Oper. Revenue	1938	RAILWAY OPERATING REVENUES	1937	Percent of Ry. Oper. Revenue
79.66	$ 74,134,764.85	Freight	$ 79,966,473.11	79.85
9.82	9,141,388.17	Passenger	9,717,844.25	9.70
4.39	4,087,850.05	Mail	4,100,783.58	4.09
1.59	1,483,358.63	Express	1,677,274.91	1.68
2.31	2,152,563.36	All other transportation	2,364,788.85	2.36
1.69	1,572,718.54	Incidental	1,731,378.87	1.73
.54	497,492.54	Joint facility	592,668.17	.59
100.00	$ 93,070,136.14	Total railway operating revenues	$100,151,211.74	100.00
		RAILWAY OPERATING EXPENSES		
12.52	$ 11,654,202.05	Maintenance of way and structures	$ 14,033,990.22	14.01
16.56	15,409,733.08	Maintenance of equipment	17,275,279.06	17.25
3.07	2,858,762.84	Traffic	2,911,790.87	2.91
36.12	33,620,007.26	Transportation	36,183,416.51	36.13
1.25	1,162,560.89	Miscellaneous operations	1,234,987.52	1.23
2.72	2,530,553.24	General	3,083,617.04	3.08
Cr. .16	Cr. 148,598.97	Transportation for Investment—Credit	Cr. 445,076.81	Cr. .44
72.08	$ 67,087,220.39	Total railway operating expenses	$ 74,278,004.41	74.17
27.92	$ 25,982,915.75	Net revenue from railway operations	$ 25,873,207.33	25.83
.....	$ 9,061,509.02	Railway tax accruals	$ 7,731,465.83#	.....
.....	$ 16,921,406.73	Railway operating income	$ 18,141,741.50	.....
.....	Dr.2,497,983.42	Hire of equipment—Net	Dr.2,739,059.10	.....
.....	Dr.2,016,031.11	Joint facility rents—Net	Dr.2,076,186.05	.....
.....	$ 12,407,392.20	Net railway operating income	$ 13,326,496.35	.....
		OTHER INCOME		
.....	$ 812,810.90	Miscellaneous rent income	$ 819,789.58	.....
	260,801.18	Dividends and miscellaneous interest	507,928.55	
	22,204.30	Miscellaneous income	27,144.09	
.....	$ 1,095,816.38	Total other income	$ 1,354,862.22	.....
.....	$ 13,503,208.58	Total income	$ 14,681,358.57	.....
		MISCELLANEOUS DEDUCTIONS FROM INCOME		
.....	$ 90,253.33	Miscellaneous rents	$ 83,011.50	.....
.....	7,204.29	Miscellaneous income charges	7,491.22	.....
.....	$ 97,457.62	Total miscellaneous deductions	$ 90,502.72	.....
.....	$ 13,405,750.96	Income available for fixed charges	$ 14,590,855.85	.....
		FIXED CHARGES		
.....	$ 89,734.18	Rent for leased roads and equipment	$ 145,121.19	.....
.....	9,412,657.24	Interest on funded debt	9,318,894.69	.....
.....	109,146.98	Interest on unfunded debt	68,991.57	.....
.....	152,449.69	Amortization of discount on funded debt	150,594.24	.....
.....	$ 9,763,988.09	Total fixed charges	$ 9,683,601.69	.....
.....	$ 3,641,762.87	Income after fixed charges	$ 4,907,254.16	.....
		DISPOSITION OF NET INCOME		
.....	$ 3,416,774.00	Dividend appropriations of income	$ 3,416,774.00	.....
.....	$ 224,988.87	Income balance transferred to profit and loss	$ 1,490,480.16	.....

#Includes credit adjustment of accruals in 1936 under the Railroad Retirement Act of 1935 amounting to $1,329,233.59.

STATISTICS OF OPERATIONS

ITEMS	1938	1937
Average mileage of road operated (miles)	8,964.66	8,975.40
TRAIN-MILES		
Freight	13,051,444	15,608,973
Passenger	14,052,091	14,434,218
Total transportation service	27,103,535	30,043,191
Work service	79,795	146,133
LOCOMOTIVE-MILES		
Freight	13,851,951	16,783,242
Passenger	11,286,527	11,714,524
Train and yard switching	5,893,282	7,026,770
Total transportation service	31,031,760	35,524,536
Work service	364,851	514,089
CAR-MILES		
Loaded freight cars	367,765,511	433,524,356
Empty freight cars	223,908,519	255,882,310
Sum of loaded and empty	591,674,030	689,406,666
Caboose	12,517,468	14,677,639
Total freight cars	604,191,498	704,084,305
Coach and combination passenger cars	27,837,874	29,580,103
Sleeping and parlor	23,346,567	23,761,718
Club, lounge, dining and observation	8,294,307	8,750,816
Other	33,494,219	33,853,443
Total passenger cars	92,972,967	95,946,080
Total transportation service	697,164,465	800,030,385
Work service	889,448	1,268,269
FREIGHT SERVICE		
Tons—revenue freight	28,131,527	32,661,256
Tons—revenue and non-revenue freight	32,652,585	38,942,332
Ton-miles—revenue freight	7,876,092,493	9,423,152,685
Ton-miles—revenue and non-revenue freight	9,117,287,800	11,064,996,500
PASSENGER SERVICE		
Passengers carried—revenue	7,921,334	8,624,524
Passenger miles—revenue	530,834,556	587,409,450

STATISTICS OF OPERATIONS—Continued

ITEMS	1938	1937
AVERAGES PER MILE OF ROAD		
Freight-train miles	1,466	1,747
Passenger-train miles	1,917	1,968
Transportation service train-miles	3,023	3,347
Transportation service locomotive-miles	3,462	3,958
Freight service car-miles	67,848	78,817
Passenger service car-miles	12,684	13,084
Freight revenue	$ 8,325.05	$ 8,951.64
Passenger service train revenue	$ 2,056.38	$ 2,163.58
Operating revenues	$10,381.89	$11,158.41
" expenses	$ 7,483.52	$ 8,275.73
Net operating revenues	$ 2,898.37	$ 2,882.68
Net railway operating income	$ 1,384.03	$ 1,484.78
Ton-miles—revenue freight	884,455	1,054,851
" " —all freight	1,023,837	1,238,643
Passenger-miles—revenue	72,418	80,103
AVERAGES PER TRAIN-MILE		
Loaded freight car-miles	28.18	27.77
Empty freight car-miles	17.16	16.39
Ton-miles—revenue freight	603.47	603.70
" " —all freight	698.57	708.89
Passenger train car-miles	6.62	6.65
Revenue passenger-miles	37.78	40.70
Freight revenue	$ 5.68	$ 5.12
Passenger service train revenue	$ 1.07	$ 1.10
Operating revenues	$ 3.43	$ 3.33
Operating expenses	$ 2.47	$ 2.47
Net operating revenues	$ .96	$ .86
AVERAGES PER LOADED FREIGHT CAR-MILE		
Ton-miles—revenue freight	21.42	21.74
" " —all freight	24.79	25.52
Freight revenue	$ .20158	$ .18446
AVERAGES PER CAR-MILE PASSENGER		
Passenger-miles—revenue	10.92	11.66
Passenger revenue	$ .18811	$ .19297
MISCELLANEOUS AVERAGES		
Miles hauled—revenue freight	279.97	288.51
" " —non-revenue freight	274.54	261.39
" " —all freight	279.22	284.14
" carried—revenue passengers	67.01	68.11
Revenue per ton of freight	$ 2.63529	$ 2.44836
" " ton-mile of freight	$ .00941	$ .00849
" " passenger	$ 1.15402	$ 1.12677
" " passenger-mile	$ .01722	$ .01654
Operating ratio	72.08	74.17

OPERATING REVENUES:

Total Operating Revenues for 1938	$ 93,070,136	
Total Operating Revenues for 1937	100,151,212	
Decrease	$ 7,081,076	7.07%

The decrease was as follows:

Freight	$ 5,831,709	7.29%
Passenger	576,456	5.93%
Mail	12,934	.32%
Express	193,916	11.56%
Other Transportation Revenue	212,225	8.97%
Demurrage	72,775	42.49%
Other Incidental Operating Revenues	181,061	8.41%
Total Decrease	$ 7,081,076	7.07%

Comparison of carloads:

Total cars (all commodities), 1938	894,051	
Total cars (all commodities), 1937	1,034,615	
Decrease in 1938	140,564	13.59%
Total cars (all commodities), 10 year average	996,903	

Comparison by classes of commodities 1938 with 1937:

Tons carried, 1938	28,131,527	
Tons carried, 1937	32,661,256	
Decrease in 1938	4,529,729	13.87%
Tons carried, 10 year average	31,024,967	

	Revenue†	Decrease	Tons	Decrease
Products of Agriculture	$17,465,394	$2,851,276*	6,996,266	834,481*
Animals and Products	7,801,560	147,871*	1,258,931	29,560
Products of Mines	13,882,960	3,707,397	10,491,400	3,098,442
Products of Forests	4,020,400	641,389	1,365,216	348,666
Manufactures and Miscellaneous	29,023,735	4,501,245	7,514,092	1,795,156
Less Carload Tonnage	6,710,925	29,465*	505,622	92,386
Total	$78,904,974	$5,821,419	28,131,527	4,529,729

*Increase

†Gross freight revenue stated without adjustment for absorptions or corrections.

FREIGHT:

The revenue per ton mile on all freight increased from .849 cent in 1937 to .941 cent in 1938, or 10.84%. The lesser volume of freight traffic handled and increased tonnage per train resulted in a decrease of 2,557,529 freight train miles or 16.38%.

PASSENGER:

Passenger revenue in 1938 was $576,456 less than in 1937, a decrease of 5.93% compared with 7.20% decrease in Western District. Passenger train miles decreased 382,127, or 2.65%. Revenue from Chicago suburban traffic decreased 4.27% due to less favorable business condi-

tions and consequent reduction of employment in the Chicago area. Exclusive of suburban traffic the number of revenue passengers carried decreased 478,777, or 12.73%, whereas the corresponding passengers one mile decreased 53,288,129, or 10.48%.

Exclusive of suburban traffic, the average distance traveled per passenger was 138.7 miles, an increase of 3.5 miles, indicating a continued increase in long haul traffic.

The average revenue per passenger mile, exclusive of suburban, was 1.84 cents in 1938 compared with 1.76 cents in 1937 due to an upward adjustment in certain classes of passenger fares.

Mail revenue in 1938 was substantially the same as in 1937 but express revenue decreased $193,916, or 11.56%.

OPERATING EXPENSES:

Request for a general reduction of 15 per cent in rates of pay of employes, to become effective July 1, 1938, was heard by an Emergency Board appointed by the President of the United States. This request was formally withdrawn following report of such Board on October 29, 1938, to the effect that it should not be pressed at that time. The Fair Labor Standards Act, approved June 25, 1938, caused numerous minor adjustments in the rates of pay of employes in the lower brackets when it became effective on October 24, 1938. While it did not materially affect 1938 payrolls, its effect will become more pronounced in 1939.

The unfavorable trend in gross operating revenues, which decreased $7,081,076, or 7.07%, was completely offset by the application of rigid measures of economy in all departments, total operating expenses decreasing $7,190,784, or 9.68%.

Maintenance of way and structures expenses decreased $2,379,788, or 16.96%. During the year 1,900,470 ties were installed, 7.9 miles of new 131 lb. rail and 80.35 miles of 112 lb. rail were laid in the principal main lines and 11.54 miles of second-hand 90 lb. rail were laid in the important secondary main lines. Track and related structures were maintained to a standard suitable for handling the available business at the speeds required and to insure comfortable riding conditions for passenger service.

Maintenance of equipment expenses, exclusive of depreciation and retirement charges, decreased $2,077,819, or 16.79%. Rolling stock was adequately maintained for handling the available traffic.

Transportation expenses decreased $2,563,409, or 7.08%. Gross ton miles per train hour were 30,357, compared with 28,767 for the year 1937, and constitutes the most favorable Burlington performance of record.

EXPENDITURES (Capital):

No new lines were constructed during the year.

Net increase in Capital Account during the year was as follows:

For road	$ 308,525
For equipment	3,462,306
For general	4,164
Total	$3,774,995

Abandonment of 20.59 miles of unprofitable branch line between Koyle, Iowa, and Cainsville, Mo., resulted in a credit of $364,065 to Capital Account.

Capital charges for improvement and replacement of bridges amounted to $171,642.

To expedite train movements and promote safety of operation on the Chicago-Denver line, eighty miles of two-position semaphore signals are being replaced with modern three-position color light signals, between Ottumwa and Osceola, Iowa, the work being 75% complete at end of year. Replacement will result in a credit to capital account of approximately $70,000.

At Clyde, Ill., seven roundhouse stalls were extended to accommodate larger locomotives, and blower line installed with connection to power plant, at a capital cost of $24,715.

At Winona, Minn., a new station and warehouse was constructed at a capital cost of $38,321. The Green Bay & Western Railroad Company will also use these facilities as a tenant.

At Lincoln, Neb., a 360-ton capacity locomotive scale, with inspection pit and fireproof housing, enabling accurate determination of individual wheel loads, was installed at a capital cost of $30,577.

At Clearmont, Wyo., a 100-ton steel coaling station, with necessary trackage was constructed at a capital cost of $15,149.

To maintain continuity of the line to southern Illinois, due to abandonment of the Jacksonville & Havana Railroad, it became necessary to acquire and rehabilitate terminal property and one-half mile of double track in Jacksonville, Ill., at a capital cost to date of $76,596, of which $1,596 was expended during the year.

ADDITIONS TO EQUIPMENT:

New Rolling Stock Delivered in 1938:

3—Stainless steel air-conditioned dining cars.
3—Stainless steel air-conditioned chair cars.
3—Stainless steel air-conditioned coach-dinettes.
100—50-ton all-steel Rodger ballast cars.

Built in Company Shops:

1—4-6-4 Streamlined steam locomotive, Æolian type.
5—4-8-4 Steam passenger-freight locomotives. (Class 0-5-A)
88—40′ 40-ton steel frame stock cars.
100—52′ 50-ton steel flat cars.
100—55-ton all-steel hopper cars.
150—50′ 6″ 50-ton automobile cars.
100—50′ 6″ 50-ton automobile cars with auto racks.
300—50-ton composite flat bottom 8-drop-door gondolas.
403—40′ 6″ 50-ton single-sheathed steel frame box cars.

New Equipment to be built in 1939:

Outside Shops

2—Stainless steel sleeping cars.
1—4-car Zephyr-type stainless steel air-conditioned passenger train with non-articulated trucks (General Pershing Zephyr).
9—600 h.p. Diesel electric switchers.
2—900 h.p. Diesel electric switchers.

Company Shops

197—40′ 6″ 50-ton single-sheathed steel frame box cars.
100—45′ flat cars lengthened to 53′ 6″.

The usual program for safe and economical operation through improvements to locomotives and cars was continued throughout the year.

TAXES:

During the year there was accrued for taxes, including railroad retirement and unemployment taxes, $9,061,509. This was equal to $5.30 per share of capital stock and 9.74% of gross operating revenue.

PENSION DEPARTMENT:

Supplementary pension payments were made to retired employes whose authorized pensions exceeded the maximum amounts payable under the Railroad Retirement Act, payments in 1938 being $59,583. Total pension costs including clerical and other costs, exclusive of taxes, for 1938, were $73,011.

It is estimated that pension payments by the company for 1939 to retired officers and employees, will be approximately $82,000.

RELIEF DEPARTMENT:

RECEIPTS

	1938	1937
Cash balance at beginning of year	$1,322,295	$1,140,743
Members' contributions	720,792	730,432
Sale of securities	289,500	
Interest on monthly balances (paid by R.R. Co.)	27,155	49,798
Income from investments	36,046	24,625
Total	$2,395,788	$1,945,598

DISBURSEMENTS

	1938		1937
Investments	$1,315,989		
Death	$353,276		$ 376,775
Disability	216,401	569,677	246,528
Cash balance at end of year		510,122	1,322,295
Total		$2,395,788	$1,945,598

Certain securities, not considered type of investment suitable for insurance funds, were disposed of during the year and proceeds invested in other securities.

BURLINGTON TRANSPORTATION COMPANY:

During the year 1938, the Bus Division operated 10.1 million bus miles over 6,445 route miles at a net operating loss of $257,837 compared with a net loss in 1937 of $280,139.

Operating revenues in 1938 were $116,336 less than in 1937 and expenses were $153,525 less.

The continued unfavorable showing is attributable almost entirely to the fact that the decision of the Interstate Commerce Commission denying application for proposed merger with the Interstate Transit Lines

was not received until after the 1938 tourist season had opened. As the sale of substantially all of the property and franchises of the Burlington Transportation Company to the Interstate Transit Lines was pending before the Commission, no steps had been taken to acquire modern and up-to-date equipment, consequently operations were conducted during the balance of the year at a serious competitive handicap.

Steps have been taken for purchase and delivery in 1939 of 21 Cruiser type, diesel-powered, air-conditioned coaches.

During the year, authority was obtained from the Utah Public Service Commission to handle intrastate traffic in that state. The authorization, however, did not become effective until the early part of December, so that the full benefits will not be realized until 1939.

The Truck Division operated 3.4 million truck miles over 2,585 route miles at a net profit of $26,089 compared to a net profit in 1937 of $9,570. Final payment of $107,500 for acquisition of Merchants Cartage Company was made. Sand Motor Express Company, operating between St. Louis and Davenport, was acquired August 1, 1938, and those interstate permits were merged with the present operation. Twenty-three new units of equipment were acquired and placed in service during the year.

INDUSTRIAL:

One hundred and seventy-five new industrial leases on railroad property were executed during the year; there were one hundred and fifty-seven cancellations, leaving a net of eighteen new industrial leases on railroad property. Nineteen new industries were located on private property served by our tracks; nine industries made additions to existing plants and twenty-eight new industries located on terminal trackage. Seventeen new industry tracks and extensions to existing tracks were built and five temporary tracks for contractors were installed.

AGRICULTURE:

During 1938 the production of farm crops in most of the states served by the Burlington was satisfactory. Wheat increased 11% over the good crop of 1937 and exceeded the ten-year (1927-1936) average by 30%. Corn, due principally to acreage restrictions by the government, declined 5%, but equalled the ten-year average. Oat production decreased 13%; barley increased 20%. Potatoes declined 8% due to poor yields in Colorado and Nebraska, while sugar beets increased 5% because of larger crops in Montana, Wyoming and Nebraska. The production of all feed crops in states on Lines West of the Missouri river while greater than that of the previous five drouth years, is still below normal and has retarded repopulation of livestock herds, although there as elsewhere in Burlington territory livestock is on the increase. The movement of grains via rail, due largely to low prices, was disappointing. There remains in hands of farmers and local storage more than average stocks of grain.

Government benefit payments increased $36,288,000, but farm income in Burlington Lines territory declined $341,570,000 (10%) due to low prices. The government's Farm Credit Administration made 125,468

loans, amounting to $178,186,764, to farmers in Burlington territory but due to repayments total farm loans outstanding by all government agencies declined $61,064,000 (3.5%). Additional millions were loaned and granted for farm relief, farm security, W.P.A., rural electrification and soil conservation.

The development of irrigation by the federal government in areas served by Lines West of the Missouri River made good progress. The Reclamation Service, which now has five projects under construction on which it has spent $39,782,000, has $11,591,000 set aside to further these projects during the coming year. The P.W.A. has completed or is constructing eight irrigation projects designed to irrigate 468,463 acres at a cost of $51,203,909. In addition, four projects designed to irrigate 133,400 acres at a cost of $10,196,426 are now on the preferred list; four projects designed to irrigate 156,000 acres at a cost of $33,000,000 have applications pending and five other proposed projects are preparing to apply.

There has been a heavy decrease in the acreage of fall wheat sown for harvest in 1939 throughout Burlington Lines territory. This reduction, which is particularly heavy in Nebraska, Kansas, Iowa, Missouri, Illinois and Texas, amounts to 6,621,000 acres (18%) when compared to the previous year, although acreage slightly exceeds the ten-year (1926-1935) average. Farm stocks of grain on hand at the close of the year increased 17% (205,000,000 bu.). Cattle on farms at the close of the year increased 1%, sheep 4%, swine 10%.

It is with deep regret that the Directors record the death on January 24, 1939, of William P. Kenney, who was a Director and a member of the Executive Committee since 1932. A keen sense of loss is also felt in the death on March 14, 1939, of Bruce Scott, Vice-President and Special Counsel and a Director since 1924.

The Board of Directors takes this opportunity to express its appreciation of the efficient and wholehearted cooperation of its officers and employes.

By order of the Board of Directors.

RALPH BUDD, President.

INVESTMENT IN ROAD AND EQUIPMENT
CURRENT YEAR

Account	Additions and Betterments
Engineering	$ 286.47
Land for transportation purposes	66,901.48
Other R.O.W. expenditures	1,570.85
Grading	Cr. 67,973.01
Tunnels and subways	14,598.36
Bridges, trestles and culverts	184,344.17
Ties	Cr. 148,443.27
Rails	Cr. 24,293.52
Other track material	295,573.73
Ballast	33,703.09
Track laying and surfacing	Cr. 38,951.15
Fences, snow sheds and signs	Cr. 11,299.89
Crossings and signs	Cr. 91,478.11
Station and office buildings	Cr. 88,364.38
Roadway buildings	Cr. 25,531.68
Water stations	7,301.72
Fuel stations	Cr. 14,029.07
Shops and engine houses	45,187.07
Storage warehouses	18,109.46
Telegraph and telephone lines	17,051.89
Signals and interlockers	63,931.49
Power plant buildings	Cr. 13,751.28
Power transmission systems	Cr. 9,035.19
Miscellaneous structures	Cr. 427.45
Roadway machines	Cr. 11,249.33
Roadway small tools	991.15
Public improvements construction	110,349.07
Cost of road purchased	Cr. 2,990.00
Shop machinery	9,908.09
Power plant machinery	Cr. 13,465.76
Total expenditures for road	$ 308,525.00
Steam locomotives	$ 710,427.08
Other locomotives	Cr. 1,581.79
Freight train cars	2,391,922.75
Passenger train cars	137,358.64
Work equipment	224,597.26
Miscellaneous equipment	Cr. 417.76
Total expenditures for equipment	$3,462,306.18
Interest during construction	$ 4,164.08
Total general expenses	$ 4,164.08
Grand Total	$3,774,995.26

Included in above figures are credits for abandonment of branch line and retirement of equipment as follows:

Koyle, Ia., to Cainsville, Mo. (20.59 miles)	$ 364,065.20
Equipment retirements	1,613,275.00
	$1,977,340.20

EQUIPMENT CLASS	Number on Dec. 31, 1937	Number Added During Year	Number Retired During Year	Number on Dec. 31, 1938	Average tractive power all locomotives and average capacity all freight cars
Locomotives—Steam	1,051	6	9	1,048	
Other locomotives	18	.....	.....	18	
Total locomotives	1,069	6	9	1,066	Lbs. 49,038
Freight-train cars—Box cars	21,816	653	403	22,066	.....
Flat cars	1,714	100	27	1,787	.....
Stock cars	3,744	88	26	3,806	.....
Gondola and Hopper (Coal and Coke)	13,843	400	63	14,180	.....
Caboose cars	579	.....	2	577	.....
Other freight-train cars	85	43	23	105	.....
All classes of freight-train cars	41,781	1,284	544	42,521	Tons 44.24
Pass.-train cars—Coaches	386	3	11	378	.....
Combination coach cars	77	.....	5	72	.....
Parlor cars	4	.....	.....	4	.....
Dining cars	34	3	4	33	.....
Club, lounge and observation cars	10	.....	.....	10	.....
Postal cars	41	.....	1	40	.....
Baggage, express and other non-passenger cars	278	.....	6	272	.....
Total	830	6	27	809	.....
Passenger rail motor cars:					
Coaches	1	.....	1	.....	.....
Combination coach cars	35	.....	4	31	.....
Other passenger-train rail motor cars	18	.....	.....	18	.....
Total	54	.....	5	49	.....
Multiple-Unit trains:					
Number of trains	7	.....	1	6	.....
Number of cars—Coaches	14	.....	4	10	.....
Combination coach cars	3	8	1	10	.....
Parlor and sleeping cars	14	.....	.....	14	.....
Other passenger-train cars	14	1	5	10	.....
Total	45	9	10	44	.....
All classes of pass.-train cars	929	15	42	902	.....
Company service equipment:					
Officers' and business cars	18	1	.....	19	.....
Ballast cars	1,244	131	139	1,236	.....
Derrick cars	5	.....	.....	5	.....
Steam shovels	6	.....	.....	6	.....
Wrecking cars	20	.....	.....	20	.....
Other company service cars	2,541	106	112	2,535	.....
All classes of Co. service cars	3,834	238	251	3,821	.....
All classes of cars in service	46,544	1,537	837	47,244	.....

LEASED EQUIPMENT

CLASS OF EQUIPMENT	Number Under Lease on Dec. 31, 1937	Number Leased During Year	Number Withdrawn from Lease During Year	Number Under Lease on Dec. 31, 1938
Freight-refrigerator cars*	1,868	.....	136	1,732
Passenger-refrigerator cars*	30	.....	.....	30
Zephyr train No. 9901 cars#	3	1	.....	4

*Leased to Burlington Refrigerator Express Company.
#Leased to Burlington-Rock Island Railroad Company.

GENERAL BALANCE SHEET

December 31, 1938

ASSETS

Investments:		
Investment in road and equipment		$599,739,819.85
Improvements on leased railway property		152,229.33
Deposits in lieu of mortgaged property sold		20,521.18
Miscellaneous physical property		5,062,479.45
Investments in affiliated companies:		
Stocks	$29,828,557.95	
Notes	3,677,314.57	
Advances	10,734,486.76	
		44,240,359.28
Other investments:		
Stocks	$3,750,225.48	
Bonds	249,100.00	
Notes	168,109.51	
Advances	1,500.00	
Miscellaneous	146,381.50	
		4,315,316.49
Total investments (capital assets)		$653,530,725.58
Current assets:		
Cash	$8,232,693.31	
Time drafts and deposits	799,976.88	
Special deposits	513,751.25	
Loans and bills receivable	6,810.97	
Traffic and car service balances receivable	671,177.16	
Net balance receivable from agents and conductors	970,642.65	
Miscellaneous accounts receivable	2,414,042.83	
Material and supplies	8,956,850.67	
Interest and dividends receivable	13,980.80	
Rents receivable	23,212.83	
Other current assets	51,668.36	
Total current assets		22,654,807.71
Deferred assets:		
Working fund advances	$ 44,188.50	
Other deferred assets	180,798.35	
Total deferred assets		224,986.85
Unadjusted debits:		
Insurance premiums paid in advance	$ 53,323.64	
Discount on funded debt	4,159,864.37	
Other unadjusted debits	1,748,960.90	
Total unadjusted debits		5,962,148.91
Grand Total		$682,372,669.05

GENERAL BALANCE SHEET

December 31, 1938

LIABILITIES

Capital stock:		
Common stock		$170,839,100.00
Governmental Grants:		
Grants in aid of construction		229,462.62
Long-term debt:		
Funded debt unmatured:		
Illinois Division Mortgage 3½'s	$ 50,835,000.00	
Illinois Division Mortgage 4's	34,165,000.00	
General Mortgage 4's	93,414,000.00	
First & Refunding Mortgage Series "A" 5's	40,000,000.00	
First & Refunding Mortgage Series "B" 4½'s	30,000,000.00	
First & Refunding Mortgage Series "C" 5's	9,430,000.00	
Equipment Trust Certificates of 1936, 2½'s	3,160,000.00	
Equipment Trust Certificates of 1937, 2½'s	3,285,000.00	
Serial Collateral Trust Notes, 2¼'s	5,600,000.00	
Lease-Gen. Motors Acceptance Corporation	522,040.00	
Total issued	$270,411,040.00	
Less held by or for the company	38,372,000.00	
Total long term debt outstanding		232,039,040.00
Current liabilities:		
Traffic and car-service balances payable	$ 1,510,968.11	
Audited accounts and wages payable	3,888,652.08	
Miscellaneous accounts payable	428,489.80	
Interest matured unpaid	966,916.00	
Funded debt matured unpaid	2,600.00	
Unmatured interest accrued	2,306,241.24	
Other current liabilities	356,856.44	
Total current liabilities		9,460,723.67
Deferred liabilities:		
Other deferred liabilities		80,379.20
Unadjusted credits:		
Tax liability	$ 5,329,385.42	
Premium on funded debt	57,363.02	
Insurance and casualty reserves	1,392,996.20	
Accrued depreciation-equipment	73,628,290.57	
Other unadjusted credits	1,756,353.53	
Total unadjusted credits		82,164,388.74
Corporate surplus:		
Additions to property through income and surplus	$ 882,890.67	
Funded debt retired through income and surplus	44,044,176.95	
Sinking fund reserves	600.00	
Profit and loss	142,631,907.20	
Total corporate surplus		187,559,574.82
Grand Total		$682,372,669.05

CAPITAL LIABILITIES OF THE CHICAGO, BURLINGTON & QUINCY RAILROAD COMPANY

Designation of Obligation	Term		Total par value authorized	Total nominally or actually outstanding	Nominally outstanding held by or for Company	Actually outstanding in hands of public	Dividends or Interest		
	Date of issue	Date of maturity					Rate	When payable	Dividends declared and interest accrued during year
CAPITAL STOCK	.....	.....	$170,839,100	$170,839,100	.....	*$170,839,100	2%	Dec. 27	$3,416,774.00
MORTGAGE BONDS									
Illinois Division Mortgage	July 1, 1899	July 1, 1949	$ 50,835,000	$ 50,835,000	$ 386,000	$ 50,449,000	3½	J. & J.	$1,765,715.00
Illinois Division Mortgage	July 1, 1899	July 1, 1949	34,165,000	34,165,000	189,000	33,976,000	4	J. & J.	1,359,040.00
General Mortgage	Mar. 2, 1908	Mar. 1, 1958	93,414,000	93,414,000	† 28,167,000	65,247,000	4	M. & S.	2,609,880.00
First and Refunding Mortgage:									
Series A	Aug. 1, 1921	Feb. 1, 1971	40,000,000	40,000,000	.....	40,000,000	5	F. & A.	2,000,000.00
Series B	Feb. 1, 1927	Feb. 1, 1977	30,000,000	30,000,000	200,000	29,800,000	4½	F. & A.	1,343,525.00
Series C	Feb. 1, 1938	Feb. 1, 1948	15,000,000	9,430,000	9,430,000	.....	5	F. & A.	.....
Total	.....	.....	$263,414,000	$257,844,000	$38,372,000	$219,472,000	.....	.....	$9,078,160.00
SERIAL COLLATERAL TRUST NOTES	Dec. 1, 1936	$700,000 Dec. 1 each year to 1946	$ 7,000,000	$ 5,600,000	.....	$ 5,600,000	2¼	J. & D.	$ 140,437.50
EQUIPMENT OBLIGATIONS									
Equipment Trust of 1936	May 1, 1936	$395,000 May 1 each year to 1946	$ 3,950,000	$ 3,160,000	.....	$ 3,160,000	2½	M. & N.	$ 82,291.66
Equipment Trust of 1937	Oct. 1, 1937	$365,000 Oct. 1 each year to 1947	$ 3,650,000	$ 3,285,000	.....	$ 3,285,000	2½	A. & O.	$ 88,968.75
Lease with General Motor's Acceptance Corp.—Dated	Dec. 24, 1937	1st of each month, 100 monthly installments	$ 596,000	$ 522,040	.....	$ 522,040	4	1st of each month	$ 22,799.33
Total Debt	.....	.....	$278,610,000	$270,411,040	$38,372,000	$232,039,040			$9,412,657.24

*Includes $400 scrip on which no dividends are paid.

†Includes $18,294,000 bonds pledged under First and Refunding Mortgage, $7,373,000 bonds pledged as collateral security for Serial Collateral Trust Notes and $2,000,000 bonds pledged as collateral to secure performance by The Colorado and Southern Railway Company of obligations under agreement with Reconstruction Finance Corporation in connection with extension of maturity of its Refunding and Extension Bonds, May 1, 1935 to May 1, 1945.

DESCRIPTION OF MORTGAGES

The total par value of unmatured funded debt actually or nominally outstanding is:

Actually outstanding in hands of public	$232,039,040
Nominally outstanding, held for or by the company	38,372,000
	$270,411,040

Illinois Division Mortgage

This mortgage is a first lien on 1,615.76 miles of this Company's main and branch lines situated in the states of Illinois, Wisconsin and Minnesota and on the Company's terminals in Chicago and points on and east of the Mississippi River.

This mortgage is also secured by the deposit with the trustee of 7,000 shares of the capital stock of the Chicago Union Station Company.

These bonds may be redeemed, as a whole, by the company on six months' notice, at 105 and accrued interest, upon any interest day.

No Changes During Year

General Mortgage

This mortgage is a lien on 8,088.25 miles of this Company's main and branch lines, including terminals, property and equipment appurtenant thereto, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, subject, as to a certain part, to the lien of the Illinois Division Mortgage.

	Miles
The General Mortgage covers	8,088.25
Of which there are subject to the prior lien of the Illinois Division Mortgage	1,615.76

This mortgage is also secured by the deposit, with the trustee, of 305,262 shares of the capital stock of The Colorado and Southern Railway Company.

No Changes During Year

First and Refunding Mortgage

This mortgage is a lien on the total mileage of main and branch lines owned by this Company, having an aggregate length of 8,571.35 miles, situated in the states of Illinois, Wisconsin, Minnesota, Iowa, Missouri, Nebraska, Kansas, Colorado, South Dakota, Wyoming and Montana, and on all terminals, property and equipment appurtenant thereto. This lien is subject to the prior liens of the mortgages described above:

	Miles
The mortgage covers	8,571.35
Of which there are subject to prior liens	
Of the Illinois Division Mortgage and the General Mortgage	1,615.76
Of the General Mortgage only	6,472.49

As further security for bonds issued under this mortgage, there are pledged all right and title of this Company to the stock, which it now owns, of bridge, depot and terminal companies, and of the Davenport, Rock Island and North Western Railway Company and The Colorado and Southern Railway Company (305,262 shares of the latter being subject, also, to the lien of the General Mortgage and 7,000 shares of the Chicago Union Station Company being subject to lien of the Illinois Division Mortgage); also $18,294,000 General Mortgage bonds.

Bonds issued under this mortgage may be redeemed, as a whole, by the company on 60 days' notice, on any interest date, as follows:

Series A at 107½ and accrued interest, February 1, 1942, to August 1, 1951; at 105 and accrued interest, February 1, 1952, to August 1, 1961; at 103 and accrued interest, February 1, 1962, to August 1, 1970.

Series B at 105 and accrued interest, February 1, 1952, to August 1, 1966; at 103 and accrued interest, February 1, 1967, to August 1, 1976.

Series C bonds dated February 1, 1938, due February 1, 1948, issued and pledged as collateral for a short term bank loan and additional collateral under the Serial Collateral Trust Notes $9,430,000, have been released from pledge and are now held in Company's Treasury.

MILEAGE

Owned	Miles of Road	Second Track	Third Track	Fourth Track	Yard Tracks and Sidings*	Total
Colorado	395.44	.47	.....	.....	178.56	574.47
Illinois	1,623.54	472.70	40.89	5.43	1,108.19	3,250.75
Iowa	1,188.47	248.58	.....	.....	324.81	1,761.86
Kansas	221.90	.....	.....	.....	29.30	251.20
Minnesota	23.09	2.71	.....	.....	42.99	68.79
Missouri	1,081.03	112.79	.....	.....	409.04	1,602.86
Montana	134.38	.....	.....	.....	49.20	183.58
Nebraska	2,822.91	29.53	.....	.....	841.10	3,693.54
South Dakota	174.69	.....	.....	.....	56.54	231.23
Wisconsin	228.12	211.17	.....	.....	65.08	504.37
Wyoming	677.78	.....	.....	.....	234.36	912.14
Total	8,571.35	1,077.95	40.89	5.43	3,339.17	13,034.79
Operated under lease or contract	377.02	125.75	.76	.76	397.38	901.67
Grand Total	8,948.37	1,203.70	41.65	6.19	3,736.55	13,936.46

*Includes yard tracks and sidings owned but not operated as follows: Colorado .54 miles, Illinois .99 miles, Iowa .71 miles, total 2.24.

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31

	1938	1937	Increase	Decrease
RAILWAY OPERATING REVENUES—				
Transportation:				
Freight	$ 74,134,764.85	$ 79,966,473.11		$ 5,831,708.26
Passenger	9,141,388.17	9,717,844.25		576,456.08
Excess baggage	27,547.95	33,178.41		5,630.46
Parlor and chair car	56,583.04	63,730.23		7,147.19
Mail	4,087,850.05	4,100,783.58		12,933.53
Express	1,483,358.63	1,677,274.91		193,916.28
Other passenger train	108,043.85	120,172.64		12,128.79
Milk	168,898.64	153,003.54	$15,895.10	
Switching	1,791,489.88	1,994,704.03		203,214.15
Total	$ 90,999,925.06	$ 97,827,164.70		$ 6,827,239.64
Incidental:				
Dining and buffet	$ 593,569.31	$ 628,686.56		$ 35,117.25
Hotel and restaurant	54,493.88	57,197.46		2,703.58
Station and train privileges	21,966.36	23,569.49		1,603.13
Parcel room	1,273.90	1,601.65		327.75
Storage—Freight	18,173.33	16,437.26	$ 1,736.07	
Storage—Baggage	2,036.07	2,394.88		358.81
Demurrage	98,520.27	171,295.00		72,774.73
Telegraph and telephone	134,461.71	150,274.99		15,813.28
Stock yards	130,850.22	125,355.35	5,494.87	
Power	65,847.13	81,063.08		15,215.95
Rents of buildings and other property	207,952.98	213,516.73		5,563.75
Miscellaneous	243,573.38	259,986.42		16,413.04
Total	$ 1,572,718.54	$ 1,731,378.87		$ 158,660.33
Joint facility—Cr.	$ 505,488.30	$ 594,133.82		$ 88,645.52
Joint facility—Dr.	Dr. 7,995.76	Dr. 1,465.65		6,530.11
Total	$ 497,492.54	$ 592,668.17		$ 95,175.63
Total railway operating revenues	$ 93,070,136.14	$100,151,211.74		$ 7,081,075.60

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1938	1937	Increase	Decrease
RAILWAY OPERATING EXPENSES—				
Maintenance of Way and Structures				
Superintendence	$ 1,070,300.57	$ 1,136,523.24		$ 66,222.67
Roadway maintenance	763,563.17	892,917.53		129,354.36
Tunnels and subways	6,845.08	8,716.26		1,871.18
Bridges, trestles and culverts	449,578.90	670,333.13		220,754.23
Ties	2,647,618.22	2,505,349.10	$142,269.12	
Rails	415,056.98	664,891.49		249,834.51
Other track material	780,827.97	1,146,926.45		366,098.48
Ballast	132,224.59	194,108.32		61,883.73
Track laying and surfacing	2,749,925.45	3,098,724.84		348,799.39
Fences, snowsheds and signs	103,716.45	160,471.94		56,755.49
Station and office buildings	302,090.54	472,220.46		170,129.92
Roadway buildings	65,953.71	97,889.48		31,935.77
Water stations	151,708.39	246,539.23		94,830.84
Fuel stations	69,506.78	142,134.75		72,627.97
Shops and engine houses	398,516.24	601,401.12		202,884.88
Wharves and docks	783.90	Cr. 1,429.39	2,213.29	
Telegraph and telephone lines	67,175.23	97,963.44		30,788.21
Signals and interlockers	473,935.71	568,268.57		94,332.86
Power plants	18,149.83	24,010.83		5,861.00
Power transmission systems	17,723.06	23,876.99		6,153.93
Miscellaneous structures	8,557.95	11,161.60		2,603.65
Roadway machines	110,572.88	195,245.16		84,672.28
Small tools and supplies	107,489.21	170,207.02		62,717.81
Removing snow, ice and sand	88,199.86	191,644.29		103,444.43
Public improvements—Maintenance	97,708.85	147,957.38		50,248.53
Injuries to persons	82,614.42	111,262.64		28,648.22
Insurance	39,488.33	27,067.24	12,421.09	
Stationery and printing	13,979.27	20,097.86		6,118.59
Other expenses	2,167.28	557.20	1,610.08	

Maintaining joint tracks, yards and other facilities–Dr.	$ 591,196.23	$ 639,745.55	.....	$ 48,549.32
Maintaining joint tracks, yards and other facilities–Cr.	Cr. 172,818.16	Cr. 234,896.66	$ 62,078.50	.....
Right-of-way expenses	Cr. 154.84	2,103.16	.....	2,258.00
Total	$ 11,654,202.05	$ 14,033,990.22	.....	$2,379,788.17
MAINTENANCE OF EQUIPMENT				
Superintendence	$ 635,729.82	$ 620,445.94	$ 15,283.88	.....
Shop machinery	335,048.91	531,745.09	.....	$ 196,696.18
Power plant machinery	93,258.48	121,002.42	.....	27,743.94
Steam locomotives –Repairs	4,124,121.33	5,055,677.49	.....	931,556.16
Other locomotives –Repairs	220,800.91	150,926.49	69,874.42	.....
Freight train cars –Repairs	3,006,178.87	3,791,584.97	.....	785,406.10
Passenger train cars –Repairs	1,364,753.94	1,496,017.28	.....	131,263.34
Work equipment –Repairs	213,238.95	338,455.02	.....	125,216.07
Miscellaneous equipment –Repairs	9,108.74	7,575.21	1,533.53	.....
Injuries to persons	81,937.45	61,068.22	20,869.23	.....
Insurance	67,035.19	43,617.86	23,417.33	.....
Stationery and printing	9,437.97	13,483.36	.....	4,045.39
Other expenses	1,647.45	1,989.48	.....	342.03
Maintaining joint equipment –Dr.	154,893.92	181,432.79	.....	26,538.87
Maintaining joint equipment –Cr.	Cr. 21,548.69	Cr. 41,559.06	20,010.37	.....
Total	$ 10,295,643.24	$ 12,373,462.56	.....	$2,077,819.32
Equipment –Retirements	$ 10,211.54	$ 55,621.30	.....	$ 45,409.76
Equipment –Depreciation	5,103,878.30	4,846,195.20	$257,683.10	.....
Total	$ 5,114,089.84	$ 4,901,816.50	$212,273.34	.....
Total	$ 15,409,733.08	$ 17,275,279.06	.....	$1,865,545.98

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1938	1937	Increase	Decrease
Traffic				
Superintendence	$ 831,951.38	$ 823,638.51	$ 8,312.87	
Outside agencies	1,304,073.73	1,281,648.76	22,424.97	
Advertising	415,013.91	497,339.65		$ 82,325.74
Traffic associations	70,218.94	77,488.42		7,269.48
Industrial and immigration bureaus	22,944.00	22,788.87	155.13	
Insurance	420.29	490.03		69.74
Stationery and printing	198,162.63	192,761.86	5,400.77	
Other expenses	15,977.96	15,634.77	343.19	
Total	$ 2,858,762.84	$ 2,911,790.87		$ 53,028.03
Transportation				
Superintendence	$ 868,877.63	$ 884,658.29		$ 15,780.66
Dispatching trains	508,677.38	520,095.47		11,418.09
Station employes	4,972,990.33	4,961,320.15	$ 11,670.18	
Weighing, inspection and demurrage bureaus	158,652.93	146,545.02	12,107.91	
Station supplies and expenses	304,092.77	352,203.73		48,110.96
Yardmasters and yard clerks	807,645.71	809,718.63		2,072.92
Yard conductors and brakemen	2,327,628.52	2,654,331.13		326,702.61
Yard switch and signal tenders	129,505.53	125,638.53	3,867.00	
Yard enginemen	1,384,430.20	1,688,136.40		303,706.20
Yard motormen	150,596.45	70,874.27	79,722.18	
Yard switching fuel	567,402.20	731,072.97		163,670.77
Water for yard locomotives	84,042.99	88,435.79		4,392.80
Lubricants for yard locomotives	19,770.64	18,824.56	946.08	
Other supplies for yard locomotives	23,510.38	24,165.58		655.20
Enginehouse expenses—Yard	278,543.16	323,306.81		44,763.65
Yard supplies and expenses	54,428.64	54,133.33	295.31	
Operating joint yards and terminals—Dr	1,585,081.65	1,600,670.29		15,588.64
Operating joint yards and terminals—Cr	Cr. 167,616.74	Cr. 168,811.72	1,194.98	
Train enginemen	4,028,397.93	4,473,413.49		445,015.56
Train motormen	455,517.94	436,706.62	18,811.32	

Train fuel	$ 4,095,376.54	$ 4,732,748.15		$ 637,371.61
Water for train locomotives	409,145.97	422,050.42		12,904.45
Lubricants for train locomotives	134,886.13	140,690.67		5,804.54
Other supplies for train locomotives	84,981.04	91,230.73		6,249.69
Enginehouse expenses—Train	851,829.73	910,213.21		58,383.48
Trainmen	5,035,407.17	5,380,098.15		344,690.98
Train supplies and expenses	1,978,054.63	2,036,341.26		58,286.63
Signal and interlocker operations	432,027.65	425,480.85	$ 6,546.80	
Crossing protection	311,523.51	284,084.33	27,439.18	
Drawbridge operation	15,484.04	14,506.92	977.12	
Telegraph and telephone operation	307,887.57	320,054.96		12,167.39
Stationery and printing	113,434.79	138,178.31		24,743.52
Other expenses	157,429.82	121,744.19	35,685.63	
Operating joint tracks and facilities—Dr.	334,092.46	349,440.13		15,347.67
Operating joint tracks and facilities—Cr.	Cr. 191,511.02	Cr. 195,820.05	4,309.03	
Insurance	12,479.50	17,623.38		5,143.88
Clearing wrecks	28,580.07	50,998.42		22,418.35
Damage to property	57,560.91	67,775.50		10,214.59
Damage to live stock on right-of-way	58,847.72	72,301.63		13,453.91
Loss and damage—Freight	475,784.24	595,093.73		119,309.49
Loss and damage—Baggage	2,063.60	1,653.11	410.49	
Injuries to persons	372,464.95	411,489.17		39,024.22
Total	$ 33,620,007.26	$ 36,183,416.51		$2,563,409.25
MISCELLANEOUS OPERATIONS				
Dining and buffet service	$ 974,325.68	$ 1,032,052.08		$ 57,726.40
Hotels and restaurants	62,652.42	66,515.89		3,863.47
Stockyards	93,990.15	95,947.49		1,957.34
Producing power sold	31,592.64	40,472.06		8,879.42
Total	$ 1,162,560.89	$ 1,234,987.52		$ 72,426.63
GENERAL				
Salaries and expenses of general officers	$ 250,494.15	$ 258,121.24		$ 7,627.09
Salaries and expenses of clerks and attendants	1,591,630.48	1,607,822.63		16,192.15
General office supplies and expenses	78,784.93	83,268.16		4,483.23
Law expenses	256,758.83	249,266.89	$ 7,491.94	
Insurance	158.07	1,002.81		844.74
Relief department expenses	65,490.18	80,598.17		15,107.99

COMPARATIVE STATEMENT OF INCOME ACCOUNT FOR YEARS ENDED DECEMBER 31—Cont.

	1938	1937	Increase	Decrease
General—Cont.				
Pensions (See Note)	$ 73,011.19	$ 512,263.07		$ 439,251.88
Stationery and printing	50,639.14	65,658.55		15,019.41
Valuation expenses	3,436.72	3,713.30		276.58
Other expenses	97,389.93	154,517.70		57,127.77
General joint facilities —Dr.	64,131.78	69,174.41		5,042.63
General joint facilities —Cr.	Cr. 1,372.16	Cr. 1,789.89	$ 417.73	
Total	$ 2,530,553.24	$ 3,083,617.04		$ 553,063.80
Transportation for investment —Credit	Cr. 148,598.97	Cr. 445,076.81	$ 296,477.84	
Total railway operating expenses	$ 67,087,220.39	$ 74,278,004.41		$7,190,784.02
Operating Ratio	72.08	74.17		2.09
Net revenue from railway operations	$ 25,982,915.75	$ 25,873,207.33	$ 109,708.42	
Railway tax accruals	$ 9,061,509.02	# $ 7,731,465.83	$1,330,043.19	
Railway operating income	$ 16,921,406.73	$ 18,141,741.50		$1,220,334.77
Rent Income				
Rent from equipment	$ 298,552.93	$ 405,520.92		$ 106,967.99
Joint facility rent income	564,014.82	566,540.34		2,525.52
Total rent income	$ 862,567.75	$ 972,061.26		$ 109,493.51
Rents Payable				
Rent for equipment	$ 2,796,536.35	$ 3,144,580.02		$ 348,043.67
Joint facility rents	2,580,045.93	2,642,726.39		62,680.46
Total rents payable	$ 5,376,582.28	$ 5,787,306.41		$ 410,724.13
Net rents	Dr.$ 4,514,014.53	Dr.$ 4,815,245.15		$ 301,230.62
Net railway operating income	$ 12,407,392.20	$ 13,326,496.35		$ 919,104.15

NOTE:—Reduction in pension cost in 1938 due to transfer of retired pensioned employes to the Federal pension rolls June 1, 1937 under the 1937 Federal Railroad Retirement Act.

#Includes credit adjustment of accruals in 1936 under the Railroad Retirement Act of 1935, $1,329,233.59.

OTHER INCOME				
Income from lease of road and equipment	$ 130,324.30	$ 154,131.53	.....	$ 23,807.23
Miscellaneous rent income	526,058.73	522,743.22	$ 3,315.51	.....
Miscellaneous non-operating physical property	156,427.87	142,914.83	13,513.04	.....
Dividend income	54,560.00	184,001.16	.....	129,441.16
Income from funded securities	173,927.57	244,240.48	.....	70,312.91
Income from unfunded securities and accounts	32,313.61	79,686.91	.....	47,373.30
Release of premium on funded debt	14,844.24	20,636.68	.....	5,792.44
Miscellaneous income	7,360.06	6,507.41	852.65	.....
Total other income	$ 1,095,816.38	$ 1,354,862.22	.....	$ 259,045.84
Total income	$ 13,503,208.58	$ 14,681,358.57	.....	$1,178,149.99
MISCELLANEOUS DEDUCTIONS FROM INCOME				
Miscellaneous rents	$ 25,975.72	$ 27,168.41	.....	$ 1,192.69
Miscellaneous tax accruals	64,277.61	55,843.09	$ 8,434.52	.....
Miscellaneous income charges	7,204.29	7,491.22	.....	286.93
Total miscellaneous deductions	$ 97,457.62	$ 90,502.72	$ 6,954.90	.....
Income available for fixed charges	$ 13,405,750.96	$ 14,590,855.85	.....	$1,185,104.89
FIXED CHARGES				
Rent for leased roads and equipment	$ 89,734.18	$ 145,121.19	.....	$ 55,387.01
Interest on funded debt	9,412,657.24	9,318,894.69	$ 93,762.55	.....
Interest on unfunded debt	109,146.98	68,991.57	40,155.41	.....
Amortization of discount on funded debt	152,449.69	150,594.24	1,855.45	.....
Total fixed charges	$ 9,763,988.09	$ 9,683,601.69	$ 80,386.40	.....
Net income	$ 3,641,762.87	$ 4,907,254.16	.....	$1,265,491.29
Dividend appropriations of income	$ 3,416,774.00	$ 3,416,774.00	.....	.....
Income balance transferred to Profit and Loss	$ 224,988.87	$ 1,490,480.16	.....	$1,265,491.29

COMPARATIVE STATEMENT OF PROFIT AND LOSS FOR YEARS ENDED DECEMBER 31

	1938	1937	INCREASE	DECREASE
DEBITS:				
Surplus appropriated for investment in physical property	$ 4,879.32	$ 8,564.90	.....	$ 3,685.58
Debits from retired road and equipment	1,012,894.72	971,560.29	$ 41,334.43	.....
Miscellaneous debits	21,468.88	1,537,654.72	.....	1,516,185.84
Credit balance carried to balance sheet	142,631,907.20	143,316,167.34	.....	684,260.14
	$143,671,150.12	$145,833,947.25	.....	$2,162,797.13
CREDITS:				
Credit balance at beginning of year	$143,316,167.34	$144,304,245.74	.....	$ 988,078.40
Credit balance transferred from income	224,988.87	1,490,480.16	.....	1,265,491.29
Credit from retired road and equipment	12,542.72	20,225.83	.....	7,683.11
Donations	4,879.32	8,564.90	.....	3,685.58
Miscellaneous credits	112,571.87	10,430.62	$ 102,141.25	.....
	$143,671,150.12	$145,833,947.25	.....	$2,162,797.13

QUINCY, OMAHA & KANSAS CITY RAILROAD COMPANY

COMPARATIVE STATEMENT OF INCOME

YEARS ENDED DECEMBER 31

Percentof Ry. Oper. Revenue	1938	RAILWAY OPERATING REVENUES	1937	Percentof Ry. Oper. Revenue
81.45	$255,202.92	Freight	$287,547.36	82.02
3.89	12,187.71	Passenger	15,999.23	4.56
11.38	35,665.26	Mail	35,830.36	10.22
1.26	3,960.40	Express	4,678.70	1.34
1.06	3,311.66	All other transportation	3,159.26	.90
.96	3,013.00	Incidental	3,362.40	.96
100.00	$313,340.95	Total railway operating revenues	$350,577.31	100.00
		RAILWAY OPERATING EXPENSES		
41.79	$130,948.34	Maintenance of way and structures	$171,738.71	48.99
14.00	43,860.37	Maintenance of equipment	50,422.48	14.38
1.19	3,744.64	Traffic	3,721.93	1.06
56.40	176,722.03	Transportation	183,921.43	52.46
2.58	8,077.86	General	11,999.75	3.42
Cr. .11	Cr. 359.98	Transportation for investment—Credit	Cr. 478.03	Cr. .13
115.85	$362,993.26	Total railway operating expenses	$421,326.27	120.18
Dr.15.85	Dr.$ 49,652.31	Net revenue from railway operations	Dr.$ 70,748.96	Dr.20.18
.....	$ 57,317.98	Railway tax accruals	# $ 51,121.55	.....
.....	Dr.$106,970.29	Railway operating income	Dr.$121,870.51	.....
.....	Dr. 9,380.82	Hire of equipment—Net	Dr. 10,371.48	.....
.....	Dr. 16,528.67	Joint facility rents—Net	Dr. 18,143.28	.....
.....	Dr.$132,879.78	Net railway operating income	Dr.$150,385.27	.....
		OTHER INCOME		
.....	$ 5,624.35	Miscellaneous rent income	$ 3,682.22	.....
.....	91.30	Income from funded securities	474.99	.....
.....	3.89	Income from unfunded sec. and accts.	5.30	.....
.....	10.00	Miscellaneous Income	10.00	.....
.....	$ 5,729.54	Total other income	$ 4,172.51	.....
.....	Dr.$127,150.24	Total income	Dr.$146,212.76	.....
.....	Dr.$127,150.24	Income balance transferred to profit & loss	Dr.$146,212.76	.....

#Includes adjustment of accruals in 1936 under the Railroad Retirement Act of 1935.

1938